

UNITED STATES DEPARTMENT OF JUSTICE  
OFFICE OF THE UNITED STATES TRUSTEE  
ANDREW R. VARA  
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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

	:	Chapter 11
In re:	:	
	:	Case No. 22-19361 (MBK)
BlockFi Inc., <i>et al.</i> , <sup>1</sup>	:	
	:	Hearing Date: PURSUANT TO ORDER
	:	SHORTENING TIME
Debtor.	:	
	:	Honorable Michael B. Kaplan, Chief Judge

**CERTIFICATION OF DANIEL C. KROPIEWNICKI IN SUPPORT OF THE  
UNITED STATES TRUSTEE'S MOTION TO COMPEL THE DEBTORS TO  
COMPLY WITH: (i) SECTION 345(b) OF THE BANKRUPTCY CODE; AND (ii)  
THE FINAL CASH MANAGEMENT ORDER**

I, Daniel C. Kropiewnicki, of full age, hereby declare under penalty of perjury, pursuant to  
28 U.S.C. § 1746, as follows:

1. I am employed as a bankruptcy analyst by the Office of the United States Trustee  
("OUST") in Newark, New Jersey, and I base this Certification on my personal knowledge and  
review of correspondence and documents as set forth below.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal  
tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC  
(5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A);  
BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC  
(0154).

2. Silicon Valley Bank (“SVB”) executed a Depository Agreement for the District of New Jersey on or about January 26, 2023.

3. The Debtors maintain multiple bank accounts at SVB.

4. The SVB account ending in x7263 is a money market mutual fund. Because it is a money market mutual fund, it is not FDIC insured and does not comply with Section 345(b) or the terms of the Depository Agreement.

5. On February 17, 2023 – at the end of the 30 days allowed under the Final Cash Management Order for compliance with section 345 – the U.S. Trustee emailed Debtors’ counsel requesting documentation to support that the funds in account x7263 were held in a DIP account and were collateralized/insured.

6. No proof was provided.

7. As of February 28, 2023, the Debtors maintained approximately \$227,000,000.00 in account x7263.

8. On March 6, 2023, I emailed Debtors counsel stating that with regard to account x7263, “[t]he Debtor needs to immediately take steps to safeguard these funds in compliance with Section 345(b).” (Emphasis in the original).

9. The following day, the Debtors, through counsel, requested agreement from the U.S. Trustee to allow the funds to remain in the money market mutual fund, representing there is FDIC insurance on the first \$250,000 and “[t]hese holdings are AAA rated and invested in US government securities. These holdings generate meaningful value for the estate (~10M USD / year) and would be harmful to the estate if funds could only be held in checking account (sic) at 0% interest.”

10. A Balance Summary statement provided by SVB with regard to account x7263

states: “MONEY MARKET MUTUAL FUND INVESTMENTS ARE: NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE BANK – MAY LOSE VALUE.” (Emphasis in the original).

11. I responded on March 7, 2023, citing to and attaching the account statement referenced in the preceding paragraph. I further advised the Debtors that:

The United States Trustee must seek to ensure that a debtor in possession invests funds of the estate only in accordance with 11 U.S.C. Section 345. The Debtor may purchase U.S. Treasury bills, bonds or notes provided the treasuries are titled as debtor in possession. Unless the court orders otherwise, investments in repurchase agreements and secondary financial markets are not authorized.

12. The Debtors agreed to provide a response by March 10, 2023.

13. As of the filing of this Motion, the Debtors have not provided any proof that the funds in account x7263 are being held in accordance with Section 345(b).

I certify under penalty of perjury that the forgoing is true and correct to the best of my knowledge.

ANDREW R. VARA  
UNITED STATES TRUSTEE  
REGIONS 3 & 9

By: /s/ Daniel C. Kropiewnicki  
Daniel C. Kropiewnicki  
Bankruptcy Analyst

Dated: March 10, 2023